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Institutional budget estimates for 2012-2013

Summary

This document contains the UNFPA institutional budget proposal for 2012-2013 in the results-based format. The budget estimates total $292.2 million (gross) and $245.0 million (net).

UNFPA has provided the strategic context of the budget in the midterm review of its strategic plan, 2008-2013 (DP/FPA/2011/11). It linked the management results framework in the revised strategic plan with the resources contained in the institutional budget, based on the harmonized results-based budgeting methodology approved by the Executive Board in decision 2011/10.

The financial context of the budget is based on income estimates of $1,718.8 million for 2012-2013. This target is based on current 2010-2011 income estimates of $1,609.2 million, which are $209.2 million higher than the amount envisaged at the time UNFPA prepared its 2010-2011 budget proposal.

UNFPA formulated the budget estimates using the harmonized cost classification approved by the Executive Board in decision 2010/32. The proposed gross budget represents a decrease of $2.9 million or 1 per cent over the restated 2010-2011 budget estimates.

The overall ratio of gross institutional budget to total use of resources decreased from 19.9 per cent in 2010-2011 to 16.7 per cent in 2012-2013, thereby continuing the trend of an increased share of resources available for programme implementation. The total resources available for programme implementation will increase from $1,187.6 million in 2010-2011 to $1,459.6 million in 2012-2013, an increase of 271.9 million or 22.9 per cent.

UNFPA recommends that the Executive Board approve an appropriation of $292.2 million for the 2012-2013 institutional budget. Elements for a draft decision are included in section V of this document.

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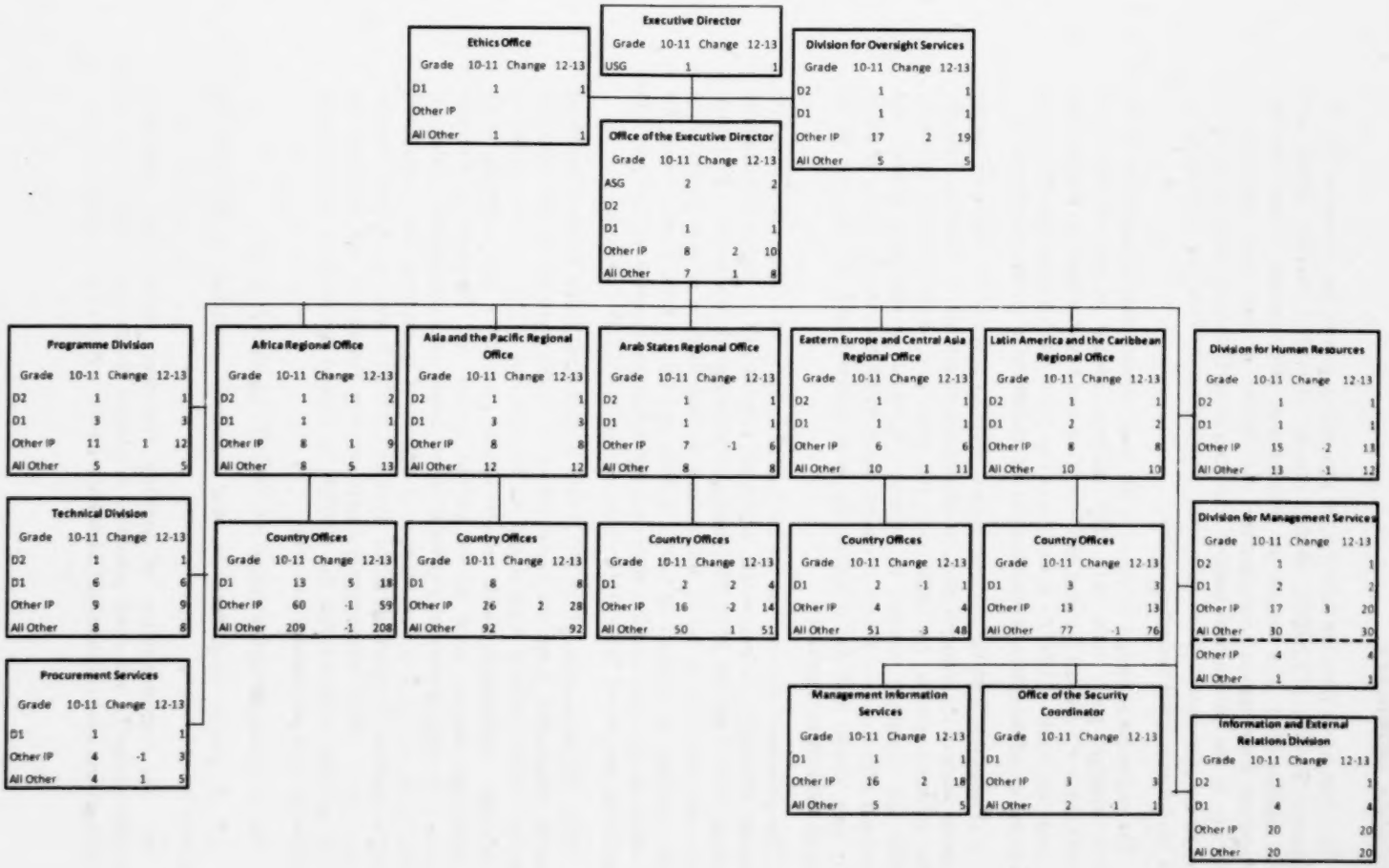
UNFPA will post the terminology and methodology used in the budget on its Executive Board web page

I. UNFPA organizational chart



II. Executive summary

1. The Executive Director, UNFPA, is pleased to submit the estimates for the institutional budget, 2012-2013, in the amount of $292.2 million (gross) and $245.0 million (net). The budget for development effectiveness, United Nations development coordination, management and special purpose cost categories is referred to as the institutional budget. The Executive Board, in decision 2010/32, approved the cost-classification categories, which form the basis for developing the 2012-2013 institutional budget estimates.

2. The institutional budget is linked to the management results framework of the UNFPA strategic plan, 2008-2013. The midterm review of the strategic plan (DP/FPA/2011/11) revised the plan and identified four key management outputs that will guide the work of UNFPA for the next two years and enhance the level of its operational excellence, thus contributing to the attainment of development results.

3. In conjunction with the midterm review, UNFPA developed a road map for the remaining years of the strategic plan, to operationalize the priority recommendations of the midterm review by identifying the processes, organizational structure, systems and resources needed to achieve increased development impact and operational effectiveness. This will ensure that UNFPA focuses its efforts globally on its core vision, and that it makes the most effective and efficient use of its financial and human resources.

4. The estimated total revenue for 2012-2013 is $1,718.8 million. It is based on the recent 2010-2011 income trends, which are expected to be higher than initially projected at the time the 2010-2011 budget was prepared. While 2010-2011 total income was estimated to be $1,400 million at that time, it is now projected at $1,609.2 million, an increase of $209.2 million or 14.9 per cent. Total revenue for 2012-2013 of $1,718.8 million therefore represents an increase of 6.8 per cent compared to the current 2010-2011 income estimate of $1,609.2 million.

5. While the preparation of the 2012-2013 budget takes place during a period of economic uncertainty, there are opportunities for further growth in resources, by widening UNFPA political support and its financial base. UNFPA is strengthening its strategic partnerships with middle-income countries and working with non-traditional donors, such as the private sector and foundations. Revenue projections for regular resources include known donor commitments and additional funding to be raised from non-traditional donors. It is essential that programme countries continue to contribute to the work of UNFPA. Increasing political support for the agenda of the International Conference on Population and Development (ICPD), presents opportunities for UNFPA to expand partnerships and resource mobilization in its programme countries.

6. The following principles guided the 2012-2013 budget proposal:

(a) A greater proportion of total resources available is deployed for programmes;

(b) The reprioritization of existing resources, rather than requesting additional resources, whenever possible, to address programme effectiveness and the management challenges identified in the midterm review of the strategic plan;

(c) A lower level of total institutional budget through careful choice of investments and austerity measures;

(d) The identification of all possible opportunities for cost savings and efficiency gains without negatively affecting the delivery of programmes;

(e) The prioritization of field-office requirements versus headquarters requirements, including management and operational requirements in the field;

(f) Additional investments in oversight and investigation, as well as selected management areas, to support full compliance with the international public sector accounting standards (IPSAS), as of January 2012;

(g) Continuing to leverage common and shared services within the United Nations system, at headquarters and in the field.

7. In order to compare the 2012-2013 budget proposal with the 2010-2011 budget, UNFPA restated the 2010-2011 biennial support budget estimates, based on the new cost categories. The restatement was made for budget comparison purposes only, as the management of the budget during 2010-2011 continued to be carried out as per Executive Board-approved budget levels.

8. UNFPA is committed to channelling a larger proportion of total available resources to development activities, particularly to programme implementation, as illustrated below:

(a) The overall ratio of gross institutional budget to the total use of resources decreased from 19.9 per cent in 2010-2011 to 16.7 per cent in 2012-2013;

(b) Recurring management costs of the organization as a proportion of the total use of resources decreased from 14.9 per cent to 13 per cent;

(c) Resources available for programme implementation will increase from $1,187.6 million in 2010-2011 to $1,459.6 million in 2012-2013, an increase of 271.9 million or 22.9 per cent.

9. UNFPA proposes a decrease in the 2012-2013 institutional budget ($292.2 million) compared to restated 2010-2011 levels ($295.2 million). The total decrease is $2.9 million or 1 per cent.

10. UNFPA will present this budget proposal to the Advisory Committee on Administrative and Budgetary Questions, whose report will appear in document DP/FPA/2012/2.

III. Strategic and financial context of the institutional budget

A. Strategic framework

11. The midterm review of the UNFPA strategic plan, 2008-2013 (DP/FPA/2011/11) revised the UNFPA strategic plan (DP/FPA/2007/17) and provided the framework for UNFPA programming, management and accountability until the end of 2013.

12. As a result, UNFPA identified opportunities and challenges facing the organization and sharpened its strategic direction. While the strategic plan defines the direction of UNFPA in terms of development results and management results, the institutional budget funds only the activities that underpin the achievements related to the management results framework, including development effectiveness.

13. The management results framework identifies four key outputs to address the challenges and opportunities identified in the strategic plan in the areas of programme effectiveness, stewardship of resources, human resources management and resource mobilization. These operational goals will shape the organization's ability to achieve development results in its programme countries.

14. The four management outputs are:

Output 1: Enhanced programme effectiveness through strengthened results-based and evidence-based programming;

Output 2: Strengthened stewardship of resources through improved efficiency and risk management;

Output 3: Appropriately staffed UNFPA with high-performing professionals fulfilling its mission;

Output 4: Secured broad-based and stable funding to meet the strategic plan resource requirements.

15. The results and resources framework in the institutional budget provides the link between strategic plan outputs and resources allocated or initiatives identified to achieve them in the next biennium. The framework follows the results-based budgeting methodology harmonized with UNDP and UNICEF and approved by the Executive Board in decision 2011/10. A significant departure from the previous budget is that there are no budget-specific results and indicators, as the budget is now directly linked to the results of the strategic plan. The budget is therefore the funding vehicle that enables UNFPA to achieve its strategic vision, rather than a separate instrument with its own results and indicators.

16. Accountability for the revised set of four management outputs is not tied to a single organizational unit. Instead, outputs reflect corporate priorities to which multiple units contribute. For example, although there is an output that relates to the organization's human resources, the Division for Human Resources is not solely responsible for this; units across UNFPA must be accountable for reducing vacancy rates and addressing underperformance.

17. Since there are no separate results frameworks for the budget, UNFPA will monitor the outputs and indicators of all UNFPA divisions and units through the regular monitoring and reporting instruments used for the strategic plan, such as the office management plans and annual reports, including the annual report of the Executive Director to the Executive Board.

B. Financial framework

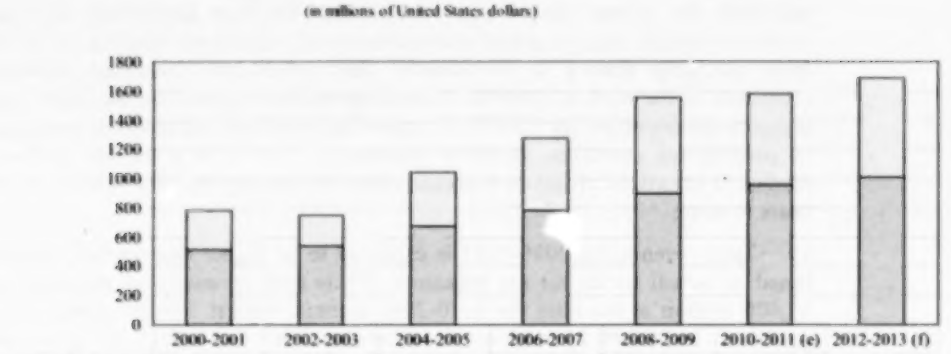
18. Despite the financial situation in the past years, UNFPA has benefited from increases from its major donors for the 2008-2009 and 2010-2011 bienniums. While the preparation of the 2012-2013 budget takes place during a period of economic

uncertainty, there are opportunities for further growth in resources, by widening UNFPA political support and its financial base. UNFPA is strengthening its strategic partnerships with middle-income countries and working with non-traditional donors, including the private sector and foundations. Revenue projections for regular resources include known donor commitments and additional funding to be raised from emerging donors. It is essential that programme countries continue to contribute to the work of UNFPA. Increasing political support for the ICPD agenda presents opportunities for UNFPA to expand partnerships and resource mobilization in programme countries. Revenue projections for other resources reflect the continued growth as observed in recent years and the potential for further growth in years to come.

19. Total revenue for 2010-2011 is expected to be higher than initially projected, based on actual trends for the biennium. While total revenue was estimated to be $1,400 million at the time the 2010-2011 biennial budget was prepared, it is now projected at $1,609.2 million. Total revenue for 2012-2013 is projected at $1,718.8 million. Total revenue consists of $1,038.8 million in regular resources and $680 million in other resources. The projection for regular resources consists of $1,013.5 million from donor contributions and $25.3 million from interest, miscellaneous income and adjustments of refunds to staff for income tax levied by a Member State.

20. Projections are based on long-term income trends, as presented in figure 1, which illustrates contribution income trends for regular resources ($955.3 million) and other resources ($629.3 million) for 2010-2011. Together with estimated interest income and tax adjustments ($24.5 million), total income for 2010-2011 is now projected at $1,609.2 million. These latest income levels are $209.2 million (14.9 per cent) higher than those estimated when the budget proposal for 2010-2011 was prepared ($1,400 million). Thus, compared to the current 2010-2011 income estimate of $1,609.2 million, the 2012-2013 total income estimate of $1,718.8 million is $109.6 million or 6.8 per cent higher. Regular resources are projected to be $59 million (or 6 per cent) higher than current estimates, while other resources are projected to be $50.7 million (or 8 per cent) higher than current estimates.

Figure 1
Contributions by funding category, 2000-2001 to 2012-2013



Source: For 2000-2010, annual financial statements; for 2011, estimate (e); for 2012-2013, forecast (f).
Note: Figures for regular resources contributions reflect adjustments of refunds to staff for income tax levied by Member States and exclude estimated interest income.

IV. Proposed institutional budget

A. Integrated resource overview

Cost classification

21. The budget for development effectiveness, United Nations development coordination, management and special purpose cost categories is referred to as the institutional budget. In decision 2010/32, the Executive Board approved these cost-classification categories, which are harmonized with those of UNDP and UNICEF. They form the basis for developing the 2012-2013 institutional budget estimates.

22. In order to implement the approved cost-classification categories, UNFPA conducted a one-time review of its classification of existing posts to identify which ones performed programme, development effectiveness or management functions. UNFPA involved field offices and headquarters units in this review, to ensure that the exercise was understood and reflected the realities of the offices.

23. While it was recognized that a single staff member can perform functions that involve different cost categories, UNFPA adopted a "whole post/whole unit approach" in applying cost classifications, in line with Executive Board decisions, to simplify the budgeting and management of resources. Therefore, the predominant function that a certain post performed determined the classification of the post's costs (in headquarters, whole units performing a predominant function determined the classification of that unit). For example, an operations manager in a country office provides guidance and operational oversight of programme implementation, in addition to managing general office operations. However, based on the principles

of whole post and predominant function, that post has been classified as management.

24. In accordance with decision 2010/32, UNFPA subdivides management costs into those of a recurring nature and those of a non-recurring nature. For 2012-2013, UNFPA will not use the cost category, "United Nations development coordination". While UNFPA participates fully in United Nations coordination initiatives, given its smaller size and structure, UNFPA staff perform a variety of activities, including United Nations coordination. Therefore, the costs of those activities are embedded in existing posts in various units and field offices, and span different cost categories.

25. The review of the classification of existing posts resulted in a change of funding sources for certain posts in UNFPA. For example, certain posts that perform programme functions according to the approved definitions were in some cases budgeted in the biennial support budget (for example, certain national programme officers). Similarly, certain posts that perform management functions under the approved cost categories were budgeted as programme.

26. The reclassification of existing UNFPA posts provided the basis for restating the 2010-2011 budget and for identifying management and development effectiveness priorities and efficiencies for 2012-2013.

27. To compare the 2012-2013 budget proposal with the 2010-2011 budget, UNFPA restated the estimates of the 2010-2011 budget based on the new cost categories. The budget restatement includes elements that were budgeted and approved separately in previous bienniums, including security requirements mandated by the United Nations, development costs of the UNFPA enterprise resource planning system (Atlas) or IPSAS development costs. The restatement was made for budget comparison purposes only, as the management of the budget during 2010-2011 continued to be undertaken as per Executive Board-approved budget levels.

28. The restated 2010-2011 budget estimates are reflected in table 1 — resource plan. The resource plan also includes the income estimates, as well as the proposed breakdown of the use of resources for 2012-2013. As is customary, UNFPA adjusted the opening balance for the 2010-2011 biennium resource plan to reflect the closing balances as per the 2008-2009 biennium financial statements. The figures presented in table 1 and in all other tables are rounded to the closest decimal and thus may not add up to the decimal point.

Table 1
Integrated resource plan
(in millions of United States dollars)

1. Resources available	2010-2011[a] Regular resources	Other Resources	Total resources	% of total	2012-2013 Regular resources	Other Resources	Total resources	% of total
Opening balance[a]	51.7	278.4	330.0		55.3	191.9	247.2	
Income								
Contribution	925.5	450.0	1,375.5		1,013.5	680.0	1,693.5	
Other[b]	24.5	-	24.5		25.3		25.3	
Total income	950.0	450.0	1,400.0		1,038.8	680.0	1,718.8	
Total available	1,001.7	728.4	1,730.0		1,094.1	871.9	1,966.0	
2. Use of resources								
A. Development activities								
A.1 Programmes - gross[c]	689.4	536.5	1,225.9		820.4	686.5	1,506.8	
Cost recovery		(38.3)	(38.3)			(47.3)	(47.3)	
A.1 Programmes - net[c]	689.4	498.2	1,187.6	80.1%	820.4	639.2	1,459.6	83.3%
A.2 Development effectiveness	51.2	7.7	58.9	4.0%	47.1	10.4	57.5	3.3%
Total Development	740.6	505.9	1,246.5	84.1%	867.5	649.6	1,517.1	86.6%
B. United Nations development coordination								0.0%
C. Management activities								
C.1 Recurring costs	191.0	30.6	221.6	14.9%	191.1	36.8	227.9	13.0%
C.2 Non-recurring costs[d]	8.9		8.9	0.6%	6.8	-	6.8	0.4%
Total management	199.8	30.6	230.4	15.5%	197.9	36.8	234.7	13.4%
D. Special purpose								
D.1 Capital investments	5.9	-	5.9	0.4%				0.0%
Total use of resources (A+B+C+D)	946.4	536.5	1,482.8	100.0%	1,065.3	686.5	1,751.8	100.0%
3. Balance of resources (1-2)[e]	55.3	191.9	247.2		28.8	185.5	214.2	12.2%
Summary institutional budget:								
A.2 Development effectiveness	51.2	7.7	58.9	4.0%	47.1	10.4	57.5	3.3%
C.1 Management recurring costs	191.0	30.6	221.6	14.9%	191.1	36.8	227.9	13.0%
C.2 Management non-recurring costs	8.9	-	8.9	0.6%	6.8	-	6.8	0.4%
D.1 Special purpose	5.9	-	5.9	0.4%	-	-	-	0.0%
Total[f]	**256.9**	**38.3**	**295.2**	**19.9%**	**245.0**	**47.3**	**292.2**	**16.7%**

[a] In order to enable a comparison with the 2012-2013 budget proposal, 2010-2011 budget estimates were restated in accordance with the new cost classification approved by the Executive Board in decision 2010/32.

[a] Opening balance for 2010-2011 biennium has been revised as per financial statements for the 2008-2009 biennium.

[b] Includes interest and miscellaneous income, as well as accounting linkage to offset tax reimbursements.

[c] 'Programmes - gross' reflects total programme expenses as per financial statements; the cost recovery is credited to provide 'programmes - net' amounts and thus enabling a comparison with the estimates in the budget document, to avoid duplicate presentation of budget figures.

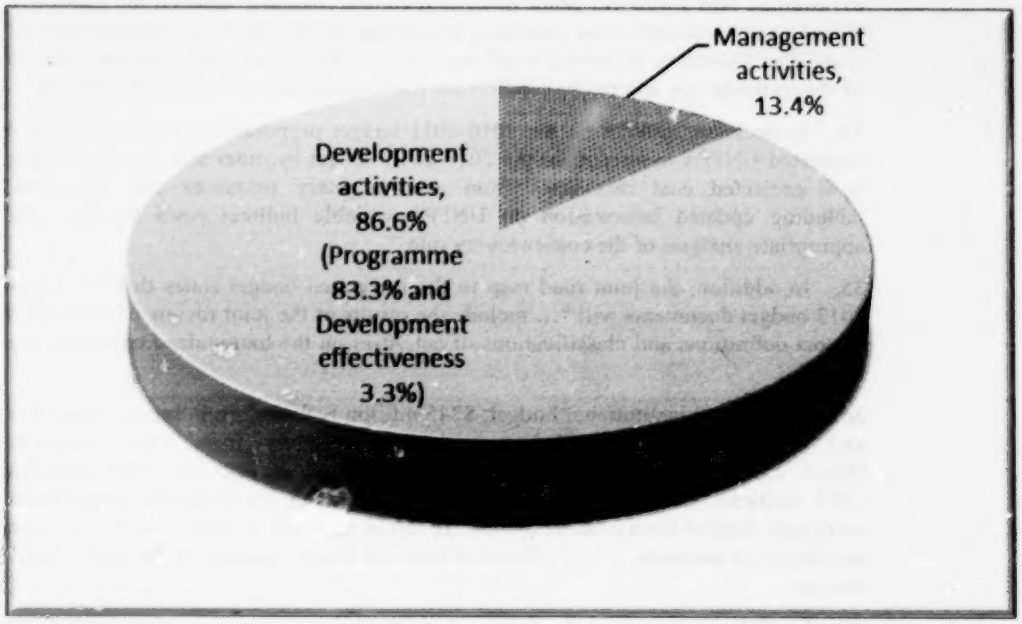
[d] In order to enable a comparison with 2012-2013 budget proposal, the corresponding 2010-2011 budget estimates were restated on a gross basis, i.e., with full biennial requirement (please refer to estimates for the biennial support budget 2010-2011, DP/FPA/2009/10, paragraphs 26, 28 and 30).

[e] Includes the addition to the operational reserve.

[f] Includes indirect cost recovery from co-financing resources ($40.8 million) and income tax reimbursed to nationals of one Member State ($6.5 million).
Note: Figures in this table and in other tables in this document are rounded to the closest decimal; therefore, they may not add up.

29. The proposed use of resources from table 1 is illustrated in figure 2. UNFPA continues to ensure that an increasing proportion of its total available resources is channelled to development activities, particularly to programmes. For 2012-2013, UNFPA will allocate $1,517.1 million (86.6 per cent) to development activities, compared to $1,246.5 million (84.1 per cent) in 2010-2011. With regard to resources available for programmes, these resources will increase from $1,187.6 million in 2010-2011 to $1,459.6 million in 2012-2013, an increase of $271.9 million or 22.9 per cent. This consists of an increase in regular resources available for programmes of $130.9 million or 19 per cent, and an increase in other resources available for programmes of $141 million or 28.3 per cent.

Figure 2
Use of total resources, 2012-2013



Source: Table 1.

30. The 2012-2013 institutional budget proposal is $292.2 million (gross) or $245.0 million (net). The proportionate share of the budget to the total use of resources decreased from 19.9 per cent to 16.7 per cent. The proportionate share of recurring management costs to the total use of resources decreased from 14.9 per cent to 13 per cent. Summary table 1 provides information on planned versus actual/estimated resources for 2010-2011.

Income to the budget

31. Total expected programme delivery in the 2012-2013 biennium formed the basis for the gross budget proposal of $292.2 million. The projected cost recovery is $40.8 million and is credited to the budget. In addition, income tax reimbursed to nationals of one Member State is credited to the budget; the estimated amount is $6.5 million.

32. Procurement services to third parties are administered separately from regular resources. Based on current projections of the total volume of third-party procurement services in 2012-2013, UNFPA estimates that the total generated income will be approximately $3 million, as in 2010-2011, and will be offset by direct costs and operating expenses related to procurement services.

Cost recovery

33. In 2005, the Executive Board endorsed a methodology to estimate cost-recovery rates, based on the principle that regular resources should be reimbursed

for the variable indirect costs of carrying out programme activities funded from other resources. A single, harmonized rate of 7 per cent charged to non-core expenditure was approved. Since then, UNFPA has regularly updated the Executive Board on the cost-recovery rate as a proportion of the level of variable indirect costs. The Executive Board has reaffirmed the validity of the 7 per cent rate. Details of the methodology applied by UNFPA are provided in document DP/FPA/2005/5.

34. In decision 2009/26 on the 2010-2011 budget proposal, the Executive Board requested UNFPA to strengthen the 2012-2013 budget by, inter alia, "... describing how projected cost recoveries from extrabudgetary resources are calculated, including updated information on UNFPA variable indirect costs to allow for appropriate analysis of the cost-recovery rate."

35. In addition, the joint road map to the integrated budget states that the 2012-2013 budget documents will "... include the results of the joint review of the impact of cost definitions and classifications of activities on the harmonized cost-recovery rates."

36. Of the total institutional budget, $245 million is funded from regular resources and $47.3 million is funded through cost recovery from other resources ($40.8 million) and through a credit for estimated income tax reimbursement ($6.5 million). Cost recovery is estimated, based on the projected programme assistance funded from other resources. If actual recovery is higher (or lower) than the projected amounts, it will offset a higher (or lower) portion of the institutional budget.

37. UNFPA has consistently followed, with a few exceptions, the simple and transparent two-tiered cost-recovery rate structure endorsed by the Executive Board in 2005, which consists of 5 per cent for programme countries contributing to their own country programme, and 7 per cent for other donors. In 2008-2009, total actual cost recoveries were $31.8 million, which represented an average recovery rate of 6.2 per cent of programme assistance funded by other resources.

38. Within the context of the new cost classification, UNDP, UNFPA and UNICEF reviewed and validated the cost-recovery rate. To conduct this analysis, UNFPA applied the methodology contained in document DP/FPA/2005/5, endorsed in 2005 by the Executive Board, with some adjustments related to the new organizational structure established in 2008 and other minor adjustments.

39. UNFPA identified the fixed costs in the institutional budget. These include: leadership and corporate planning; representation at country level; oversight; policy planning and overall management of offices; administration of facilities; information services; legal; external relations and communications; and management non-recurring costs.

40. Fixed costs are estimated at $179.9 million in the 2012-2013 budget proposal; total variable indirect costs are estimated at $112.3 million. Variable costs are attributed to regular resources or to other resources, based on the projected proportion for the coming biennium (approximately 60 per cent regular resources and 40 per cent other resources). The variable indirect costs attributed to other resources represent a 6.5 per cent rate of projected other resources, thus validating the approved rate.

41. UNFPA identified variable costs for each organizational unit, enabling the allocation of cost recovery across functional clusters in the results and resources framework.

42. While the current methodology continues to apply to the new cost classification, UNFPA will review the methodology and the cost-recovery rates in the context of the integrated budget and the new strategic plan, 2014-2018. This will be undertaken jointly with UNDP and UNICEF, in the context of the road map to an integrated budget, so that a harmonized approach and methodology will be finalized for the next budget, 2014-2015.

B. Results and resources framework

43. The results and resources framework for the 2012-2013 biennium is presented in table 2. It is based on the revised management results framework in the midterm review of the strategic plan, as described in the strategic framework section of this document. The framework follows the results-based budgeting methodology that is harmonized with UNDP and UNICEF, as described in the Mock-up for the 2012-2013 budget that the Executive Board approved in decision 2011/10. As a result, there are no budget-specific results and indicators; the budget is now directly linked to the results identified in the strategic plan.

44. The left side of table 2 lists the four outputs of the management results framework defined in the midterm review of the strategic plan, with corresponding indicators, baselines and targets. The right side of the table links the development effectiveness and management resources to the strategic plan outputs, through the functional clusters. The functional clusters in the management cost category are harmonized with those of UNDP and UNICEF. The functional clusters in the development effectiveness category are UNFPA-specific. Each functional cluster contains the restated 2010-2011 budget estimates and the proposed 2012-2013 estimates. The sum of functional clusters under each output provides an estimate of resources budgeted for the output, thus linking results and resources.

45. While the full cost of each functional cluster is tied to just one management output, the accountability for achieving the outputs is shared across organizational units or functional clusters, as outputs reflect corporate priorities to which multiple units must contribute.

Table 2
Results and resources framework

(in millions of United States dollars)

Output	Indicator	Baseline	Target 2012	Target 2013	Cost Classification	Functional cluster	2010-2011			2012-2013			Variance	
							Regular resources	Other Resources	Total	Regular resources	Other Resources	Total	$	%
Enhanced programme effectiveness through strengthened results-based and evidence-based programming	Percentage of country programme documents rated at least "good" on results-based management and evidence-based programming criteria	50% (2011)	70%	80%	Development effectiveness	Technical expertise for effective response to development challenges	8.3	1.3	9.7	6.9	2.2	9.2	(0.5)	-5.2%
	Percentage of programmes with at least 75% of their annual workplan outputs that achieved indicator targets	51% (2007) 80% (2010)	90%	95%		Programme planning, policy and management support	40.6	5.6	46.2	37.8	7.3	45.1	(1.1)	-2.3%
	Percentage of orders of core commodities delivered to the country within the lead time	79% (2010)	85%	90%		Procurement and quality-assured supply base for reproductive health commodities	2.2	0.8	3.1	2.4	0.9	3.3	0.3	8.4%
					Total: Development effectiveness		51.2	7.7	58.9	47.1	10.4	57.5	(1.3)	-2.3%
Strengthened stewardship of resources through improved efficiency and risk management	Percentage of total income used for recurring management costs	15.8% (2010-2011)	13.1%	13.1%	Management (recurrent costs)	Corporate oversight and assurance (internal audits, investigations and corporate evaluations)	10.4	0.6	10.9	12.2	0.8	13.0	2.1	19.9%
	Implementation rate for regular resources and other resources	Regular resources: 85% (2009) 85% (2010) Other resources 52% (2009) 51% (2010)	Regular resources 97% Other resources 70%	Regular resources 97% Other resources 70%		Corporate financial, information and communication technology and administrative management	37.1	2.4	39.5	33.6	4.0	37.6	(1.8)	-4.7%
	Percentage of national execution (NEX) audits with a negative opinion	17% (2007) 22% (2009)	10%	8%										
	Percentage of total operating fund account advances that are overdue	9.9% (2010-2011)	9%	8%		Field office oversight, management and operations support	108.5	20.9	129.9	108.8	21.8	130.7	0.7	4.6%
	Percentage of UNFPA organizational units with at least 90% of the annual workplans with implementing partners rated at least "good" on quality assurance standards	Not available	75%	85%										
Appropriately staffed UNFPA with high-performing professionals fulfilling its mission	Vacancy rate	17% (2010)	15%	13%		Staff and premises security	5.1	2.4	7.6	4.9	2.7	7.6	(0.0)	-0.2%
	Percentage of staff who perceive that UNFPA deals effectively with underperformance	33% (2008) 30% (2009)	30%	N/A		Corporate human resources management	10.1	2.9	13.0	8.2	3.8	12.0	(1.0)	-7.9%
Secured broad-based and stable funding to meet the strategic plan resource requirements	Percentage of annual strategic plan funding target reached	103% (2008) 109% (2010)	100%	100%		Leadership and corporate direction	8.4	-	8.4	9.2	0.9	9.7	1.3	15.2%
	Percentage of total contributions that are regular contributions	83% (2007) 58% (2010)	60%	>60%										
	Percentage of annual regular contributions from other than the top 15 donors	7% (2007) 4% (2009)	6%	8%		Corporate external relations and partnerships, communications and resource mobilization	15.4	1.9	17.2	14.1	3.3	17.4	0.2	1.0%
					Total: Management (recurrent costs)		191.0	30.6	221.6	191.1	36.8	227.9	6.4	2.9%
Strengthened stewardship of resources through improved efficiency and risk management	as above				Management (non-recurrent costs)	Corporate financial, information and communication technology and administrative management	8.9	-	8.9	6.8	-	6.8	(2.1)	-23.6%
					Total: Management (non-recurrent costs)		8.9	-	8.9	6.8	-	6.8	(2.1)	-23.6%
					Special purpose		5.0	-	5.0	-	-	-	(5.0)	-100.0%
					Grand total institutional budget		296.9	38.3	295.2	245.0	47.3	292.2	(2.9)	-1.0%

Summary of proposals

46. UNFPA proposes a decrease in the 2012-2013 institutional budget ($292.2 million) compared to restated 2010-2011 levels ($295.2 million). The total decrease is $2.9 million or 1 per cent. In order to compare recurring elements of the budget, the non-recurring elements were reduced from the total 2010-2011 budget: management non-recurring costs ($8.9 million) and special purpose ($5.9 million). This resulted in the remaining 2010-2011 budget recurring elements (management and development effectiveness) of $280.4 million, which can be compared to the equivalent 2012-2013 proposed levels. The changes are summarized in table 3. The major factors impacting the budget are described below. In addition, detailed descriptions of changes affecting each strategic plan output and functional cluster are provided in the section on results and resource requirements by strategic plan output.

Cost increases

47. The budget incorporates non-discretionary cost increases that are beyond the control of UNFPA (net increase $9.9 million or 3.5 per cent). It includes investments that UNFPA proposes for the next biennium, in support of its mandate and to address the management challenges identified in the midterm review of the strategic plan ($8.5 million or 3 per cent). Volume increases are fully offset with volume decreases of $13.3 million or 4.7 per cent, which partially offset statutory cost increases. Thus, net volume changes result in a decrease of $4.8 million or 1.7 per cent. UNFPA continues its trend of negative real budget growth from the previous biennium, whereby a part of statutory increases is absorbed with volume reductions. Summary table 2 provides details of the proposed cost and volume changes by expense category.

48. Cost increases stem from two main areas: (a) post costs, including salary scale revisions, within-grade salary increments and other post entitlements determined by the International Civil Servants Commission, as well as after-service health insurance ($5.8 million); and (b) operating cost adjustments resulting from inflationary and currency adjustments ($6.4 million). Together they total $12.2 million or a 4.4 per cent increase.

49. In 2012-2013, these cost increases will be partially offset by cost efficiencies UNFPA achieved by relocating its headquarters premises. UNFPA secured new premises for its New York headquarters, with lower rent per square foot, resulting in budget savings of $2.4 million or 0.8 per cent, compared to 2010-2011. The net cost increases total $9.9 million or 3.5 per cent for the biennium.

Investments in the organization — volume increases

50. In conjunction with the midterm review, UNFPA developed a road map for implementing the remaining years of the strategic plan, 2012-2013. The goals are to operationalize the priority recommendations of the midterm review by identifying the processes, systems and resources needed to achieve increased development impact and operational effectiveness. UNFPA will consider mechanisms to unify the programme process, improve quality assurance, ensure the delivery of technical assistance, strengthen the management of the country programme portfolio, and establish the necessary supporting operations to ensure the delivery of high-quality country, global and regional programmes. These actions will ensure that UNFPA

focuses its efforts globally on its core vision, and that it makes the most effective and efficient use of its financial and human resources.

51. Recognizing the need to maintain budgetary discipline and impose constraints due to economic uncertainties, UNFPA ensured that the majority of the changes and recommendations stemming from the strategic plan are budget neutral, i.e., that the initiatives are undertaken by reprioritizing and refocusing existing resources, rather than through budget increases.

52. UNFPA therefore proposes investments in only a few areas (volume increases):

(a) **Strengthening presence in South Sudan** — With maternal mortality the highest in the world, UNFPA will scale up its support to South Sudan, the newest Member State of the United Nations. The proposed increase of $1.5 million consists of management and operations support in the UNFPA country office in South Sudan.

(b) **Strengthening presence in the Africa region** — The budget includes a proposed strengthening of the regional oversight of UNFPA country offices in Africa, given that the largest proportion of UNFPA resources and programmes are there. UNFPA would achieve this by merging the existing subregional office in Johannesburg, South Africa, into the regional office for South and East Africa, and by converting the existing subregional office in Dakar, Senegal, into the regional office for Central and West Africa. The proposed budget increase of $1 million reflects a partial costing for one year, since the change would take effect in 2013.

(c) **Strengthening field presence** — Rapidly changing regional and country realities and the increasing range of programme delivery modalities for the United Nations system and UNFPA have implications for human resources at the country level. UNFPA is working in diverse country settings — in least developed countries; in countries in conflict, post-conflict or crisis/emergency situations; in middle-income countries; and in "delivering as one" countries. In each country setting, there are specific needs and demands that require UNFPA to work differently to respond to national priorities. UNFPA took these factors into consideration in strengthening its field presence in terms of representational, management and operations support. For 2012-2013, UNFPA proposes a net increase of $1 million for five new posts, 15 upgrades (of which eight are for UNFPA representatives), partially offset with two UNFPA representative downgrades. The net amount also includes the abolishment of nine operations specialist posts converted to the international level and classified as management.

(d) **Strengthening oversight and investigation** — In response to decision 2011/22 and to further strengthen its oversight and investigations capabilities, UNFPA proposes an investment of $1.8 million for two international posts for investigations, and for travel, consultancies and software to assist in audit, oversight, investigation and evaluation functions.

(e) **Strengthening management support** — Given the focus on field priorities, UNFPA could accommodate only minimal changes to strengthen its headquarters, despite the need to scale up management support to field offices. The net increase of $1 million is for a total of four new posts; one upgrade and two downgrades; and two conversions from general service to international posts. The changes result from the need to support IPSAS compliance requirements in finance and administration, as well as to enhance information and communications

technology and network security to improve connectivity with the field offices and comply with audit recommendations.

(f) **Increased reimbursement services** — UNFPA outsources its human resources and payroll management to UNDP on a reimbursable basis. In 2012-2013, UNFPA proposes an additional $1.4 million to: (a) improve the dedicated human resources support in some of its regional offices, as well as in human resources and financial services in South Sudan ($1 million); (b) strengthen an existing, dedicated human resources support in headquarters ($0.2 million); and (c) increase the provision for annual external audit services, compliant with IPSAS implementation and services for resident coordinator assessments ($0.2 million).

(g) **Strengthening programme and procurement support** — In accordance with the focus on field priorities, UNFPA proposes minimal investments in headquarters programme support to improve results-based management and evidence-based programming. UNFPA proposes one post to strengthen standards in measuring results ($0.4 million). While the procurement function will be strengthened by reprioritizing existing resources, UNFPA proposes a minimal investment to strengthen the contracts review function ($0.3 million).

Savings, efficiencies and austerity measures — volume decreases

53. Recognizing the need for budget constraint, UNFPA identified several areas of savings and efficiencies (volume decreases):

(a) **Realignment of regional coverage** — UNFPA proposes a realignment of its regional coverage, in particular in the Eastern Europe and Central Asia region, resulting in a reduction of $1.3 million. A different model for programme and technical assistance and operations in the region will result in the transfer of costs to lower-cost countries within the region (a net saving of $0.7 million) or a shift from the region to strengthen operations in South Sudan ($0.6 million reduction). UNFPA will work with selected partners at national and regional levels. In some cases, it will make the transition from a traditional country office presence to a few knowledge hubs located in national institutions, to ensure continuity of the ICPD agenda in the region.

(b) **Synergies from strengthening presence in the Africa region** — The proposed investment in strengthening regional coverage in Africa will be partially offset by merging the subregional office in Johannesburg with the regional office. UNFPA proposes to abolish one post, resulting in a $0.4 million reduction.

(c) **Realignment of procurement structure** — The net saving of $0.3 million results from abolishing one international professional post, partially offset by establishing a new general services post for inventory management support, stemming from the adoption of IPSAS.

(d) **Discontinued reimbursement services** — The net reduction of $0.6 million is a result of discontinued or scaled down outsourced projects, such as the treasury project, vendor management or common services, and outsourced internal audit and oversight services, given that capacity exists in-house.

(e) **Austerity measures** — UNFPA proposes reductions totalling $6 million as austerity measures in two categories: deferral of equipment replacement, mainly transport equipment, generators and photocopiers ($1.2 million); and freezing

13 posts (eight in headquarters and five in the field, mainly in regional offices), which generates $4.8 million in savings.

(f) **Time lapse for the recruitment of newly established posts** — UNFPA anticipates that the recruitment of new posts, approved by the Executive Board, will require a time lapse of two to four months before the posts are encumbered ($0.5 million in savings).

(g) **Efficiency gains** — In order to reduce costs, UNFPA identified efficiency gains totalling $4.2 million. They are related to post and other staff costs ($0.6 million), consultants ($0.7 million), travel ($0.4 million), operating expenses ($0.9 million), insurance and security ($0.3 million), and furniture and equipment ($0.6 million). In addition, $0.6 million in savings were identified in headquarters administrative costs.

Table 3
Summary of increases and decreases
(in millions of United States dollars)

		Total	% increase / (decrease)
I.	**2010-2011 restated institutional budget**	**295.2**	
	Less restated 2010-2011 management non-recurrent costs	(8.9)	
	Less restated 2010-2011 special purpose costs	(5.9)	
	Subtotal	**280.4**	basis for comparison
II.	**Increases and decreases due to costs**		
(i)	Inflation, currency and staff costs	12.2	4.4%
(ii)	Efficiency savings in headquarters premises	(2.4)	-0.8%
	Net total increases due to costs	**9.9**	**3.5%**
III. a.	**Increases due to volume**		
(i)	Strengthening presence in South Sudan	1.5	0.6%
(ii)	Strengthening presence in the Africa region	1.0	0.4%
(iii)	Strengthening field presence	1.0	0.4%
(iv)	Strengthening oversight and investigation	1.8	0.6%
(v)	Strengthening management support	0.9	0.3%
(vi)	Increased reimbursement services	1.4	0.5%
(vii)	Strengthening programme support	0.4	0.1%
(viii)	Procurement and other operational support	0.3	0.1%
	Total increases due to volume	**8.5**	**3.0%**
b.	**Decreases due to volume**		
(i)	Realignment of regional coverage	(1.3)	-0.5%
(ii)	Synergies from strengthening presence in the Africa region	(0.4)	-0.2%
(iii)	Realignment of procurement structure	(0.3)	-0.1%
(iv)	Discontinued reimbursement services	(0.6)	-0.2%
(v)	Austerity measure - deferral of equipment replacement	(1.2)	-0.4%
(vi)	Austerity measure - post freeze	(4.8)	-1.7%
(vii)	Time lapse for recruitment of new posts	(0.5)	-0.2%
(viii)	Efficiency gains	(4.2)	-1.5%
	Total decreases due to volume	**(13.3)**	**-4.7%**
IV.	**Net volume increases/(decreases) (III.a + III.b.)**	**(4.8)**	**-1.7%**
V.	**Management non-recurring costs**	**6.8**	
VI.	**Total institutional budget**	**292.2**	
VII.	**Estimated income to the institutional budget**	**(47.3)**	
VIII.	**2012-2013 net institutional budget (VI - VII)**	**245.0**	

Note: The overall institutional budget decreased from $295.2 million to $292.2 million or 1 per cent. In order to compare the recurring elements of the budget, the non-recurring elements were first reduced from the total 2010-2011 budget: management non-recurring costs ($8.9 million) and special purpose ($5.9 million). This resulted in the remaining 2010-2011 budget recurring elements (management and development effectiveness) of $280.4 million, which form the basis of comparison to the equivalent 2012-2013 proposed levels.

54. Table 4 provides an overview of posts. UNFPA proposes a net 15 additional posts, eight in the field and seven in headquarters. The proposed increased number of senior-level posts is fully attributable to strengthening field presence. UNFPA proposes 18 new posts in the field, partially offset with 10 abolished posts. In headquarters, UNFPA proposes eight new posts, offset with one abolished post. Two posts are proposed to be converted from the general service category to the entry-level professional category. In addition, 20 upgrades are proposed in the field, offset with three downgrades. One upgrade is proposed in headquarters, offset with two downgrades. Further details are outlined in paragraphs 55 to 91. Summary table 4 details the changes in senior-level posts, and summary table 5 provides detailed post information by location.

Table 4
Institutional budget posts by location

	2010-2011 approved posts							Changes: increase and (decrease)						2012-2013 proposed posts						
	USG/ ASG	D2	D1	Other IP	All other	Total	% of total	USG/ ASG	D2	D1	Other IP	All other	Total	USG/ ASG	D2	D1	Other IP	All other	Total	% of total
Field	0	5	36	156	527	**724**	74.0%	0	1	6	(1)	2	**8**	0	6	42	155	529	**732**	73.6%
Headquarters	3	6	21	124	101	**255**	26.0%	0	0	0	7	0	**7**	3	6	21	131	101	**262**	26.4%
Total	3	11	57	280	628	**979**	100.0%	0	1	6	6	2	**15**	3	12	63	286	630	**994**	100.0%

Note: IP= international professional

Results and resource requirements by strategic plan output

Output 1: Enhanced programme effectiveness through strengthened results-based and evidence-based programming

55. The ability of UNFPA to achieve results depends on the quality of its programming, especially at the country level. During the next biennium, UNFPA will emphasize results-based management and evidence-based programming.

56. The costs associated with this output are classified as development effectiveness and amount to $54.3 million. The functional clusters included in the output are: *technical expertise for an effective response to development challenges* (Technical Division) and *programme planning, policy and management support* (Programme Division, National Execution Unit, regional programme staff, deputy representatives, assistant representatives and deputy regional directors). They exclude the costs of the functional cluster, *procurement and quality-assured supply base for reproductive health commodities*, which is also classified as development effectiveness, for reasons outlined in paragraphs 66 to 67.

57. While this output represents a strategic element of the UNFPA results frameworks, resources indicate an overall decrease of $1.6 million for 2012-2013. This is primarily due to efforts to leverage existing resources, and to prioritize programme and technical expertise at the country level. Because country-level programme and technical expertise is classified as "programme", UNFPA will address the corresponding strengthening of programme effectiveness by deploying programme resources.

58. The budget initiatives contained under the individual functional clusters of this output are elaborated in paragraphs 59 to 62.

59. The functional cluster, *technical expertise for an effective response to development challenges*, shows a net decrease of $0.5 million. It consists of a cost increase of $0.1 million, offset by a volume decrease of $0.6 million, primarily as a result of freezing one post.

60. The functional cluster, *programme planning, policy and management support*, shows a net decrease of $1.1 million. It consists of a cost increase of $1.2 million, offset by volume decreases of $2.3 million, primarily as a result of freezing four vacant posts in the regional offices (a volume decrease of $1.8 million) and one post in headquarters (a volume decrease of $0.4 million).

61. Due to the merging of the Johannesburg subregional and regional offices, UNFPA proposes that one post be abolished (a volume decrease of $0.4 million). Three upgrades in country offices are fully offset through savings under this cluster, stemming from the realignment of the regional coverage in Eastern Europe and Central Asia.

62. UNFPA will strengthen its programming by improving its standards and processes. It will enhance results-based management and evidence-based programming, ensuring the proper utilization of evidence to inform future programming. The present budget proposal includes the establishment of a measurement specialist post to support these efforts (a volume increase of $0.4 million).

Output 2: Strengthened stewardship of resources through improved efficiency and risk management

63. Improving the way UNFPA manages resources is a focus of the revised strategic plan. One way is to become more efficient by controlling costs associated with management and administration, and by improving implementation rates. Strengthening financial management related to national expenditure will be a key aspect of this output.

64. The costs associated with this output are classified as management and amount to $181.3 million. Most of the initiatives in this proposal result from prioritizing field needs, while others result from strengthened oversight and management functions.

65. The functional clusters included under this output are: *corporate oversight and assurance* (Division for Oversight Services), *corporate financial, information and communication technology and administrative management* (Division for Management Services, Management Information Services, corporate information technology, administrative and financial resources) and *field office oversight, management and operations support* (regional directors and representatives and direct support, and operations managers and direct support).

66. This output is also linked to the functional cluster, *procurement and quality-assured supply base for reproductive health commodities* (Procurement Services Branch), classified as development effectiveness. While procurement is a key function related to programme execution and effectiveness through the efficient stocking and delivery of commodities, and, as such, classified as development effectiveness in the cost-classification methodology, the costs of the procurement cluster were linked to this output in the results and resources framework (table 2). This is due to the nature of the strategic plan indicator for procurement, which

focuses on the efficiency of the function, rather than on its effectiveness. This highlights the integrated nature of the frameworks and the fluid transition from one cost category to another. The cost of this functional cluster amounts to $3.3 million. It shows a net increase of $0.3 million, mostly from cost increases.

67. UNFPA will strengthen the procurement function by reprioritizing existing resources within the organization, largely with a budget-neutral effect. UNFPA will move towards strategic supply-chain management, including increased value for money, increased use of online tools for knowledge sharing and education, and optimized delivery of commodities. The budget proposal includes the creation of one inventory associate post to support IPSAS-related efforts in inventory management, fully offset by the abolishment of a contracting specialist and the realignment of the procurement structure.

68. The budget initiatives classified as management and contained under the individual functional clusters of this output are elaborated in paragraphs 69 to 78.

69. The functional cluster, *field office oversight, management and operations support*, shows a total net increase of $5.7 million. It consists of cost increase of $8.1 million, offset by net volume decreases of $2.3 million.

70. UNFPA will strengthen representation and management support in its South Sudan country office to support the country's programmatic efforts. The impact of this proposal amounts to $1.5 million, including six new posts and three posts transferred from another region ($1.1 million) and operating expenses ($0.4 million).

71. UNFPA proposes to create a second regional office in Africa, given the number and complexity of programmes and operations in the region. In order to streamline the regional coverage and mitigate the budgetary impact of this initiative, UNFPA proposes to merge the Johannesburg, South Africa subregional office with the existing regional office, and convert the Dakar, Senegal subregional office into the second regional office. Seven posts and one upgrade are proposed under this initiative, with a financial impact of $0.8 million, plus operating expenses of $0.2 million. These items reflect the costing from January 2013, when this initiative will take effect.

72. UNFPA will further strengthen its field presence by establishing five new operations manager posts (one national and four international), offset by abolishing operations managers where an international operations manager is budgeted. In addition, UNFPA proposes upgrades of the five international operations managers in the regional offices to strengthen operations at the regional level, and two upgrades of national posts. The total net volume increase of these initiatives is $0.7 million. Furthermore, eight representative posts are proposed for upgrades in countries where the complexity of operations warrants strengthened representation, offset by two representative downgrades, with a net volume increase of $0.4 million. UNFPA has also budgeted increased, dedicated support from UNDP in some of the regional offices for human resources services, as well as for human resources and financial services in South Sudan ($1 million).

73. Initiatives under this cluster are offset by deferring, as an austerity measure, the replacement of equipment (a $1.2 million volume decrease), the freezing of one post as an austerity measure (a $0.4 million volume decrease), the realignment of the regional structure in Eastern Europe and Central Asia ($1.2 million), the time

lapse for recruiting new posts ($0.1 million) and general efficiencies ($3.8 million). All of these items are discussed under the cost and volume sections (paragraphs 47 to 53).

74. The functional cluster, *corporate oversight and assurance*, shows a total net increase of $2.1 million. It consists of a cost increase of $0.2 million and a volume increase of $1.9 million. To strengthen its oversight and investigative capability, UNFPA proposes two new posts of investigation specialists (an increase of $0.4 million), in accordance with decision 2011/22. The oversight function has been further strengthened through increased operational costs ($1.4 million), largely resulting from increased travel, consultancies and software development.

75. The functional cluster, *corporate financial, information and communication technology and administrative management*, shows a total net decrease of $1.8 million. It consists of a net cost decrease of $1.4 million and a net volume decrease of $0.4 million. Cost increases under this functional cluster are impacted positively by savings achieved by relocating headquarters premises, as explained in paragraph 49.

76. Initiatives under this cluster relate to an increase in management support in communications technology with the creation of two posts, partially offset by a downgrade (a net increase of $0.4 million).

77. With regard to administration and finance, UNFPA proposes two posts; two conversions to entry-level international professional; and one post transfer, largely a result of IPSAS requirements, partially offset by a downgrade (a net increase of $0.7 million). These increases are offset by general efficiencies and other savings (including discontinued reimbursement services) of $0.6 million, as well as the time lapse for new posts ($0.2 million) and the freezing of three posts ($0.8 million).

78. The non-recurring management costs of $6.8 million budgeted for 2012-2013 are linked to this output. These include costs related to the IPSAS project management team until the end of 2012, to support the finalization and testing of systems and processes, including employee benefits, segment reporting, the rollout of the inventory module and post-adoption support ($1.2 million). UNFPA will disband the IPSAS team on 1 January 2013. In terms of information and technology, UNFPA will continue to develop and maintain corporate applications in the areas of programme, knowledge networking, planning, monitoring, evaluation, reporting, audit and other areas. UNFPA continues to enhance its infrastructure to support systems and applications, and its ability to communicate effectively with field offices and partners ($2.1 million). UNFPA will continue to make the necessary investments to comply with minimum operating security standards and minimum operating residential security standards to ensure the security of staff ($3.5 million).

Output 3: Appropriately staffed UNFPA with high-performing professionals fulfilling its mission

79. The ability of UNFPA to succeed rests, to a great extent, on how it addresses human resources. The focus is to ensure adequate staffing levels and strengthen the culture of accountability by addressing underperformance.

80. Costs associated with this output are classified as management and amount to $19.6 million. The functional clusters included under this output are: *staff and*

premises security (Office of the Security Coordinator) and *corporate human resources management* (Division for Human Resources).

81. The budget initiatives contained under the individual functional clusters of this output are elaborated in paragraphs 82 to 86.

82. The functional cluster, *corporate human resources management*, shows a total net decrease of $1 million. It consists of a cost increase of $0.8 million, offset by a volume decrease of $1.8 million.

83. The volume decrease is largely a result of the relocation of the legal function from the Division for Human Resources to the Office of the Executive Director (a net decrease of $1 million) to enable an approach to legal matters that is broader than the human resources aspect, and to align UNFPA with best practices in the United Nations system. In addition, UNFPA will freeze two posts as an austerity measure (a $0.9 million volume decrease).

84. The functional cluster, *staff and premises security*, shows no change compared to the last biennium, as the $0.3 million in cost increases are fully offset by equal volume decreases.

85. UNFPA will continue to ensure that managers comply with their security and risk-management responsibilities through the timely implementation of sound and cost-effective measures, in compliance with United Nations security policies and procedures. The increase in security-related operating costs is due to an anticipated increase in the UNFPA share of United Nations Department of Safety and Security (UNDSS) costs for 2012-2013. Volume decreases in this cluster are the result of the internal transfer of one post ($0.2 million decrease) and general efficiencies of $0.1 million.

86. While the proposed budget for security remains stable, the recent attack on United Nations personnel and premises in Nigeria and other attacks around the world highlight the increasing risk UNFPA staff face when discharging their duties. If unforeseen funding requirements arise in connection with United Nations-mandated security costs, the Executive Director requests the Executive Board to grant him exceptional authority, similar to that granted in decision 2008/6, to access up to $2.7 million in regular resources for security measures. UNFPA would limit the use of those funds to new and emerging security mandates as defined through UNDSS directives. The amount of $2.7 million represents approximately 20 per cent of the three largest security cost components for 2012-2013: the $6 million estimated UNFPA-apportioned share of the costs of UNDSS; $4.1 million recurring insurance and security costs fund-wide; and $3.5 million for investments in fund-wide compliance with the minimum operating security standards and the minimum operating residential security standards, for a total of $13.6 million.

Output 4: Secured broad-based and stable funding to meet the strategic plan resource requirements

87. For the remainder of the period of the strategic plan, UNFPA will focus on the quantity and the source of funding. The source of funding is important because regular contributions — as opposed to those earmarked for specific purposes — enable UNFPA to more effectively and efficiently plan and implement activities. UNFPA will also seek to diversify its funding base, including by pursuing increased contributions from emerging economies and the private sector.

88. The costs associated with this output are classified as management and amount to $27.1 million. The functional clusters included under this output are: *leadership and corporate direction* (Office of the Executive Director and the Ethics Office) and *corporate external relations and partnerships, communications and resource mobilization* (Information and External Relations Division).

89. The budget initiatives contained under the individual functional clusters of this output are elaborated in paragraphs 90 and 91.

90. The functional cluster, *leadership and corporate direction*, shows a total net increase of $1.3 million. It consists of a cost increase of $0.1 million, and a volume increase of $1.2 million. The volume increase is largely a result of the transfer of the legal function mentioned above ($1 million increase), offset by a post freeze as an austerity measure ($0.2 million decrease), and an increase in travel to support the new senior management ($0.3 million increase).

91. The functional cluster, *corporate external relations and partnerships, communications and resource mobilization*, shows a total net increase of $0.2 million. It consists of a cost increase of $0.4 million, offset by a $0.2 million volume decrease. The volume decrease is the result of general efficiencies.

V. Draft decision

The Executive Board may wish to adopt the following decision:

The Executive Board,

1. *Takes note of* the results and resource requirements in the UNFPA institutional budget estimates for 2012-2013, as contained in document DP/FPA/2012/1;

2. *Approves* the presentation of activities and associated costs reflected in document DP/FPA/2012/1, which are aligned with the classifications of activities and associated costs, the results-based budgeting approach and the key budget tables approved in decisions 2010/32 and 2011/10;

3. *Approves* gross resources in the amount of $292.2 million, representing the total institutional budget, 2012-2013, and notes that the estimated net resources total $245.0 million;

4. *Resolves* that the appropriated amount be used to achieve the management results framework outputs of the UNFPA strategic plan, in accordance with decision 2011/39;

5. *Recalls* decision 2007/43 approving the organizational structure of UNFPA, as contained in document DP/FPA/2007/16 and its corrigendum (DP/FPA/2007/16/Corr.1);

6. *Approves* the conversion of the existing subregional office in Dakar, Senegal, into the Central and West Africa Regional Office and the merger of the existing subregional office in Johannesburg, South Africa, into the South and East Africa Regional Office;

7. *Endorses* the proposal of the Executive Director, similar to that of decision 2008/6, to grant him exceptional authority during 2012-2013 to access up

to an additional $2.7 million in regular resources for security measures. UNFPA will limit the use of those funds to new and emerging security mandates, as defined by the directives of the United Nations Department of Safety and Security, and will report to the Executive Board on the use of those funds in its annual review of the financial situation.

Summary table 1

Integrated resource plan, 2010-2011: plan versus actual/estimated

(in millions of United States dollars)

	2010-2011 Estimate (DP/FPA/2009/10)				2010 Actual - 2011 Estimate			
1. Resources available	**Regular resources**	**Other resources**	**Total resources**	**% of total**	**Regular resources**	**Other resources**	**Total resources**	**% of total**
Opening balance [a]	8.9	196.9	205.8		51.7	278.4	330.0	
Income					-	-		
Contribution	925.5	450.0	1,375.5		961.8	629.3	1,591.2	
Other	24.5	-	24.5		25.5	2.9	28.4	
Total income	950.0	450.0	1,400.0		987.4	632.3	1,619.6	
Total available	958.9	646.9	1,605.8		1,039.0	910.6	1,949.6	
2. Use of resources								
A. Programmes - gross [b]	692.7	536.5	1,229.2		741.2	641.8	1,383.0	
Cost recovery		(38.3)	(38.3)		-	(39.0)	(39.0)	
A. Programmes - net	692.7	498.2	1,190.9	80.3%	741.2	602.9	1,344.0	82.0%
B. Biennial support budget	236.3	38.3	274.5	18.5%	224.8	39.0	263.8	16.1%
C. Atlas and IPSAS development [c]	5.7	-	5.7	0.4%	8.9	-	8.9	0.5%
D. Security reserve [c]	5.8	-	5.8	0.4%	9.2	-	9.2	0.6%
E. Reorganization (one-time costs) [d]	-	-	-	0.0%	5.2	-	5.2	0.3%
F. Headquarters relocation [c]	5.9	-	5.9	0.4%	5.7	-	5.7	0.3%
G. Other	-	-	-	0.0%	0.3	1.5	1.8	0.1%
Total use of resources (A+B+C+D+E+F+G)	946.4	536.5	1,482.8	100.0%	995.3	643.3	1,638.6	100.0%
3. Balance of resources (1-2) [d]	12.6	110.5	123.0		43.7	267.3	311.0	

[a] Opening regular resources balances in '2010 actual - 2011 estimate' section include programmable funds as per statement 4 of the financial statements for the year 2010, as well resources set aside for security, international public sector accounting standards (IPSAS) and enterprise resource planning (ERP). They exclude the resources set aside for reorganization, procurement and the private endowment trust, as well as the after-service health insurance (ASHI) and staff benefits.

[b] 'Programmes - gross' reflects total programme expenses; the cost recovery is credited to provide 'programmes - net' amounts and thus enables a comparison with the estimates in the budget document.

[c] Amounts approved for the 2010-2011 biennium reflect net additional expenditure approved in decision 2009/26. Amounts for '2010 actual - 2011 estimate' reflect gross expenses incurred during the year. Thus they are not directly comparable.

[d] Closing regular resources balance includes only programmable funds. Reorganization funds have been transferred to the reserve, in accordance with decision 2009/26.

Summary table 2

Budget estimates by expense category

(in millions of United States dollars)

Expenditure category	2010-2011	Changes			2012-2013	Increase/(Decrease)	
		Volume		Cost			
	Estimates	Amount	%		Estimates	Amount	%
Posts a/	211.1	(2.7)	-1.3%	6.1	214.5	3.4	1.6%
Other staff costs	0.6	(0.1)	-14.2%	0.1	0.6	(0.0)	-2.7%
Consultants	1.6	(0.2)	-14.9%	0.1	1.4	(0.2)	-11.5%
Travel	5.0	0.2	3.5%	0.4	5.6	0.6	11.3%
Operating expenses	31.4	(0.9)	-2.9%	(0.4)	30.1	(1.3)	-4.3%
Furniture and equipment	4.6	(1.9)	-40.2%	0.3	3.1	(1.6)	-33.4%
Reimbursements	22.2	1.1	4.8%	2.9	26.1	4.0	17.9%
Insurance and security	3.9	(0.2)	-5.4%	0.4	4.1	0.2	6.2%
Total	**280.4**	**(4.8)**	**-1.7%**	**9.9**	**285.5**	**5.0**	**1.8%**
Non-recurrent costs	8.9	(2.1)	-23.4%		6.8	(2.1)	-23.4%
Special purpose	5.9	(5.9)	-100.0%		0.0	(5.9)	-100.0%
Grand total	**295.2**	**(12.8)**	**-4.3%**	**9.9**	**292.2**	**(2.9)**	**-1.0%**
Estimated income credit	(38.3)	(9.0)	23.6%		(47.3)	(9.0)	23.6%
TOTAL NET BUDGET ESTIMATES	**256.9**	**(21.8)**	**-8.5%**	**9.9**	**245.0**	(12.0)	**-4.7%**

a/ Includes costs for posts (local and international), and learning costs

Summary table 3
Regional resource plan

(in millions of United States dollars)

	2010-2011				2012-2013			
	Regular resources	Other resources	Total resources		Regular resources	Other resources	Total resources	
	$	$	$	%	$	$	$	%
AFRICA								
A.1 Programmes	323.3	197.8	521.1		351.6	250.5	602.0	
A.2 Development effectiveness	12.9		12.9		13.0		13.0	
C.1 Management - recurrent	52.5		52.5		58.3		58.3	
Total Africa	388.8	197.8	586.6	39.6%	422.9	250.5	673.3	38.4%
ARAB STATES								
A.1 Programmes	56.5	90.1	146.6		60.6	100.4	167.0	
A.2 Development effectiveness	5.0		5.0		4.5		4.5	
C.1 Management - recurrent	16.0		16.0		15.6		15.6	
Total Arab States	77.5	90.1	167.6	11.3%	80.6	100.4	187.1	10.7%
EASTERN EUROPE AND CENTRAL ASIA								
A.1 Programmes	29.7	24.8	54.5		40.0	29.8	69.9	
A.2 Development effectiveness	3.7		3.7		3.3		3.3	
C.1 Management - recurrent	11.0		11.0		10.5		10.5	
Total Eastern Europe and Central Asia	44.4	24.8	69.3	4.7%	53.8	29.8	83.7	4.8%
ASIA AND THE PACIFIC								
A.1 Programmes	189.5	58.4	247.9		243.9	72.5	316.4	
A.2 Development effectiveness	8.1		8.1		7.8		7.8	
C.1 Management - recurrent	25.0		25.0		26.6		26.6	
Total Asia and the Pacific	222.6	58.4	281.0	18.9%	278.4	72.5	350.9	20.0%
LATIN AMERICA AND THE CARIBBEAN								
A.1 Programmes	71.9	69.2	141.1		96.1	90.1	186.2	
A.2 Development effectiveness	6.7		6.7		6.5		6.5	
C.1 Management - recurrent	20.4		20.4		19.7		19.7	
Total Latin America and the Caribbean	98.9	69.2	168.2	11.3%	122.4	90.1	212.5	12.1%
GLOBAL								
A.1 Programmes	19.6	57.8	76.4		22.1	95.9	118.0	
A.2 Development effectiveness	22.5		22.5		22.4		22.4	
C.1 Management - recurrent	96.6		96.6		97.2		97.2	
Total global	137.7	57.8	195.5	13.2%	141.8	95.9	237.6	13.6%
Income to budget								
Development effectiveness	(17.7)	17.7	0.0	0.0%	(10.4)	10.4	0.0	0.0%
Management	(30.6)	30.6	0.0	0.0%	(36.8)	36.8	0.0	0.0%
Total income to budget	(38.3)	38.3	0.0	0.0%	(47.3)	47.3	0.0	0.0%
Summary:								
A.1 Programmes	689.5	498.2	1,187.7	80.1%	820.4	639.2	1,459.6	83.3%
Institutional budget								
A.2 Development effectiveness	51.2	17.7	68.9	4.6%	47.1	10.4	57.5	3.3%
C.1 Management recurring costs	191.0	30.6	221.6	14.9%	191.1	36.8	227.9	13.0%
C.2 Management non-recurring costs	8.9	0.0	8.9	0.6%	6.8	0.0	6.8	0.4%
D. Special purpose	5.9	0.0	5.9	0.4%	0.0	0.0	0.0	0.0%
Total institutional budget	256.9	38.3	295.2	19.9%	245.0	47.1	292.2	16.7%
Grand total use of resources (A.1+A.2+C.1+C.2+D)	946.4	536.4	1,482.9	100.0%	1,065.3	686.5	1,751.8	100.0%

Note: The breakdown of regular resources for programmes is indicative and based on the resource distribution in line with the strategic plan, 2008-2013.
The breakdown of other resources for programmes is indicative and based on expenditure for 2010, taking into account anticipated contributions from programme countries, including middle-income countries.

Summary table 4

Proposed changes in senior posts

		Senior Posts			
		USG/ASG	D-2	D-1	Total
2010-2011 APPROVED POSTS		3	11	57	71
A. Proposed increases and decreases (including transfers)					
Central and West Africa Regional Office	Director (effective 2013)		1		1
Romania	Representative			(1)	(1)
South Sudan	Representative			1	1
Total increases and decreases			**1**		**1**
B. Proposed reclassifications					
Chad	Representative			1	1
Egypt	Representative			(1)	(1)
Haiti	Representative			1	1
Iraq	Representative			1	1
Liberia	Representative			1	1
Nicaragua	Representative			(1)	(1)
Somalia	Representative			1	1
South Africa	Representative			1	1
Yemen	Representative			1	1
Zimbabwe	Representative			1	1
Total reclassifications				**6**	**6**
Total changes (net)			**1**	**6**	**7**
2012-2013 PROPOSED POSTS		**3**	**12**	**63**	**78**

Summary table 5
Posts by location

Source of funds/ organizational unit	USG ASG	D2	D1	Other IP	All Other	Grand Total
A. Development effectiveness						
1. Field						
2010-2011 Regular resources	0	0	5	61	76	142
2012-2013 Regular resources	0	0	5	60	77	142
2. Headquarters						
Technical Division						
2010-2011 Regular resources		1	6	9	8	24
2012-2013 Regular resources		1	6	9	8	24
Programme Division						
2010-2011 Regular resources		1	3	11	5	20
2012-2013 Regular resources		1	3	12	5	21
Procurement Services						
2010-2011 Regular resources		0	1	4	4	9
2010-2011 Other resources related to reimbursement		0	0	2	16	18
Total Procurement Services		0	1	6	20	27
2012-2013 Regular resources		0	1	3	5	9
2012-2013 Other resources related to reimbursement		0	0	2	16	18
Total Procurement Services		0	1	5	21	27
National Execution Unit						
2010-2011 Regular resources		0	0	4	1	5
2012-2013 Regular resources		0	0	4	1	5
Total: A2 Development effectiveness, headquarters						
2010-2011 Regular resources		2	10	28	18	58
2010-2011 Other resources related to reimbursement	0	0	0	2	16	18
2012-2013 Regular resources		2	10	28	19	59
2012-2013 Other resources related to reimbursement	0	0	0	2	16	18
Total: A. Development effectiveness						
2010-2011 Regular resources	0	2	15	89	94	200
2010-2011 Other resources related to reimbursement	0	0	0	2	16	18
2012-2013 Regular resources	0	2	15	88	96	201
2012-2013 Other resources related to reimbursement	0	0	0	2	16	18

Source of funds/ organizational unit	USG ASG	D2	D1	Other IP	All Other	Grand Total
B. Management						
1. Field						
2010-2011 Regular resources	0	5	31	95	451	582
2012-2013 Regular resources	0	6	37	95	452	590
2. Headquarters						
Office of the Executive Director						
2010-2011 Regular resources	3	0	1	8	7	19
2012-2013 Regular resources	3	0	1	10	8	22
Division for Oversight Services						
2010-2011 Regular resources		1	1	17	5	24
2012-2013 Regular resources		1	1	19	5	26
Division for Management Services*						
2010-2011 Regular resources		1	2	17	30	50
2012-2013 Regular resources		1	2	20	30	53
Management Information Services						
2010-2011 Regular resources		0	1	16	5	22
2012-2013 Regular resources		0	1	18	5	24
Information and External Relations Division						
2010-2011 Regular resources		1	4	20	20	45
2012-2013 Regular resources		1	4	20	20	45
Division for Human Resources						
2010-2011 Regular resources		1	1	15	13	30
2012-2013 Regular resources		1	1	13	12	27
Ethics Office						
2010-2011 Regular resources		0	1	0	1	2
2012-2013 Regular resources		0	1	0	1	2
Office of the Security Coordinator						
2010-2011 Regular resources		0	0	3	2	5
2012-2013 Regular resources		0	0	3	1	4
Total B2. Management headquarters						
2010-2011 Regular resources	3	4	11	96	83	197
2012-2013 Regular resources	3	4	11	103	82	203
Total:B Management						
2010-2011 Regular resources	3	9	42	191	534	779
2012-2013 Regular resources	3	10	48	198	534	793
Grand Total						
2010-2011 Regular resources	3	11	57	280	628	979
2010-2011 Other resources related to reimbursement	0	0	0	2	16	18
2012-2013 Regular resources	3	12	63	286	630	994
2012-2013 Other resources related to reimbursement	0	0	0	2	16	18

* Excludes three other IP posts under management non-recurring costs, for IPSAS project implementation, for 2012 only.